

**MINUTES
SPECIAL MEETING
UTILITY SERVICE BOARD
OCTOBER 11, 2010**

The Special Meeting of the Utility Service Board of the City of Jasper, Indiana, was held in the Council Chambers of City Hall in Jasper at 7:00 PM on Monday, October 11, 2010.

The meeting was called to order by Chairman Wayne Schuetter.

TEMPORARY APPOINTMENT (DVD-00:28)

Due to the absence of Secretary Mike Harder, Wayne Schuetter stated that an Acting Secretary needs to be appointed. Alex Emmons made a motion to appoint Doug Schulte as Acting Secretary for this meeting. Ken Sendelweck seconded the motion. Motion approved, 5-0.

UPON CALL OF THE ROLL, THE FOLLOWING WERE PRESENT:

Wayne Schuetter – Chairman
Doug Schulte – Water Commissioner
Alex Emmons – Wastewater Commissioner
Greg A. Krodel – Gas Commissioner
Ken Sendelweck – Electric Commissioner

ALSO PRESENT:

Jerry Schitter – Electric Distribution Manager
Windell Toby – Electric Generation Manager
Bud Hauersperger – General Manager
Sandy Hemmerlein – City Attorney

ABSENT:

Rick Stradtner – Vice Chairman
Mike Harder – Secretary
Michael A. Oeding – Gas & Water Manager
Ed Hollinden – Wastewater Manager

PLEDGE OF ALLEGIANCE (DVD-01:31)

Chairman Wayne Schuetter led the Pledge of Allegiance.

PUBLIC HEARING: DISPOSAL OF THE POWER PLANT (DVD-01:58)

Chairman Schuetter said the first order of business will be the public hearing to receive public input on the disposal of the power plant. The notice for the public hearing appeared in the Herald on Thursday, September 30, 2010. The definition of disposal means sale, exchange, transfer, or lease of the power plant property. Schuetter then displayed a picture of the property.

Schuetter then gave a brief outline on the background of events leading up to this public hearing.

The City of Jasper built the power plant in 1968 to provide electricity to the city. Because of the growth in demand for electricity the plant was primarily utilized as a peak shaving plant until 2008. This cut the amount of power the City would have to purchase directly off the grid and helped keep electric rates lower.

In January of 2008 the City of Jasper became a member of the Indiana Municipal Power Agency to provide electricity to the city. The plant was then utilized to sell power to the electric grid when it was deemed economically beneficial to the City to do so.

As the economic downturn worsened, the drop in demand for electricity combined with an increase in the price of coal used to fuel the power plant caused the financial benefits of the plant to decrease. These conditions led to the plant not being utilized by the City to produce electricity for most of the past 18 months. In essence, the plant had become surplus property. But due to the City receiving a monthly capacity payment from MISO to have the plant ready to run if needed, the costs of retaining the employees at the plant and maintaining the plant has continued.

In 2009, the Utility Service Board decided to research alternative utilizations of the plant to determine if it could be returned to being a benefit to the City. In January of 2010, a Plant Condition and Assessment Study was completed by the engineering firm of Black and Veatch. The study indicated that the plant was in good condition but a firm market value for the plant was difficult to determine because of the uncertainty about the variables impacting the production and sale of electricity.

Based on the Black and Veatch study, the Utility Service Board decided to send out Requests for Expression of Interest to gauge if there were any viable alternatives for utilizing the plant to produce electricity. The City had numerous groups who visited the plant and offered a variety of possible uses for the plant.

Based on this interest and the potential value of the plant shown by these groups, the Utility Service Board compiled a formal Request for Proposals for utilization of the power plant. The City received four formal proposals concerning the plant. Because these four proposals contained proprietary information that was deemed confidential, the groups were interviewed and their proposals reviewed and discussed in executive sessions attended by the Mayor, a majority of the Common Council members, a majority of the Utility Service Board members, and legal counsel. These discussions indicated that there might be viable options for the utilization of the power plant.

Under IC 36-1-11-3(b) the Mayor must designate a board to hold a meeting to gather public input concerning the "disposal" of the plant. The Mayor designated the Utility Service Board to hold this public hearing. Again, disposal in this case means sale, lease, transfer, or exchange of the plant. The City must have this hearing in order to "dispose" of the property, but that does not mean the City **has to** dispose of the property.

Schuetter said the purpose of tonight's public hearing is specifically for the Board to listen and gather input from the public on whether or not to recommend to the Mayor that the City proceed with the disposal of the power plant. The Mayor then makes the decision on whether or not to proceed with the disposal process.

Schuetter said based on the number of people signed up give their comments, there will be a limit of 5 minutes per speaker. He asked each speaker to give their name and address for their record. Schuetter then opened the public comments part of the hearing.

Laurie Merkley – 801 E. 15th Street, Jasper, IN (DVD-09:35)

Merkley said she just gave birth to a little boy and she is speaking to let her concern be known that the pollutants coming out of the plant can cause birth defects. She does not support a biomass incinerator in any way. She said a biomass plant will devalue the “Historic Dubois County” that is being promoted and advertised to surrounding areas. She believes the plant should be torn down and sold to a third world country for use as a coal burning plant to produce electricity. Then possibly another historic site could be put on the property or the Riverwalk could be expanded. She thinks a biomass plant will ruin the community and the health of the community. She said this could cause herself and others like her to move out of Jasper to other communities where they can be healthy.

Chris Breedlove – 421 W. 8th Street, Jasper, IN (DVD-13:57)

Breedlove wanted to add another possibility to the disposal of the property. He recommended to the Mayor that we retire the power plant. Anything we burn in the power plant, we have to breathe. Anything that comes out of the smoke stacks is deposited into our bodies, our land, Patoka River and our environment. Surrounding communities around Dubois County have fought off the burning of biomass. This is a threat to babies, children, grandparents and parents. He said biomass is not glamorous, it is dangerous. He asked that all mothers in Jasper and Dubois County be involved in this decision. He asked that one day the Utility Service Board be a more accurate representation of the City of Jasper, with mothers and new insight on the Board, as well as wisdom and experience. He said the argument will be made that the City is trying to save a buck and keep utility rates low. He argued that it does not matter when we are saving a buck on utility rates and are paying more on healthcare costs. He asked that the Board and Mayor make a concerted effort to hear from the citizens of Jasper and neighboring communities.

John Bottorff – 1319 Mill Street, Jasper, IN (DVD-19:20)

Bottorff thanked the Board and the Mayor for allowing this forum for the public to speak. He quoted Lee Hamilton and said that “an active and informed citizenry is essential for government of the people, for the people and by the people.” He feels that the ratepayers are in the dark and the things they are speaking about could be pure speculation. He feels the Board needs to hold a question and answer session to inform the public in the near future. He stated that Greenfield, MA, in July of 2010, had a referendum on their town ballot that asked if they should sell the plant to convert to burn biomass and also asked if they should enter into a 20 year lease for biomass. 83% of voters in that town voted no on both measures. There has also been opposition in Traverse City, Michigan, as well as places all across the country. The state of Massachusetts has a ban on any permits for biomass in the State. In conclusion, he asked that the Board continue to be diligent in regards to this matter.

John Blair – 800 Adams Avenue, Evansville, IN (DVD-21:51)

Blair said for the last 30 years he has been in pursuit of clean air and clean water and how power plants in this region affect that. He said that Jasper’s plant has not been on his radar due to its

small size. He said no one can deny the fact that Dubois County is not meeting the standards for fine particle pollution and is affecting our health. He said we are in the center of the largest concentration of coal fired power plants in the world. Blair asked that nothing be done with the power plant, not even co-firing. He suggested making a park or museum to show how coal fired plants used to work. He said if the City does decide to start the plant back up and co-fire or turn it into a biomass plant, we should recognize that the City will have a lot of opposition and it will polarize this community unlike anything we have ever seen before.

Cara Beth Jones – 2315 Cider Fork Road, Marengo, IN (DVD-25:19)

Jones said she is the co-founder of the Concerned Citizens of Crawford County. She said her husband has been diagnosed with environmentally induced multiple sclerosis. She feels that most of illnesses are environmentally induced. She said we had a very dirty power plant, much worse than the biomass plant that was proposed for Crawford County. She said they spent 19 months in the courtroom fighting against the Crawford County plant and thousands of people believe this is wrong. All of the chemicals and pollutants that come out of the smoke stacks, land right on us. She agreed that a tourist attraction should be made out of the plant. In 2009 a study was done by the New England Journal of Medicine and it said there is a direct relationship between the fine particulate pollutants in the air people breathe and the life expectancies in the people across the US. The firm that was proposing the Crawford County plant was talking about burning switchgrass as a fuel source. Jones said the firm forgot to tell them that the USDA states that switchgrass is poisonous to horses, goats and sheep. She feels that these proposed firms have not done their research and that they use too much clean drinking water to run these plants.

Jeanne Melchior – 880 Church Avenue, Jasper, IN (DVD-31:34)

Melchior said she retired to Jasper because she feels comfortable here and her family is from here. She is opposed to the reopening of the power plant as a coal or biomass firing plant. A 2010 report by the Clean Air Taskforce found that emissions from the US power sector causes tens of thousands of premature deaths and sicknesses each year. The report said that Indiana ranked #5 in the nation for illness and death from air pollution. She said biomass is not free from pollution. Power plants also contribute to climate change. Coal combustion waste is toxic. Even though we are trying to keep our electric rates low, none of the hidden costs such as destruction, illness, accidents, etc., are reflected on these bills. She said people are interested in biomass right now because of the government subsidies, but those will not last for long. She said we are at the end of the carbon era and we should move to make Jasper a “no coal” town or wait so long that there is chaos. Many Indiana towns are transition towns moving away from coal. She said a productive idea would be to turn the power plant into a regional resource center for sustainable energy production.

Andrea Hulsman – 630 Overbrook Drive, Jasper, IN (DVD-37:10)

She said she grew up in this community and now she is raising her three children here. She agrees with all of the previous speakers and completely objects to burning anything in the power plant and wants it shut down completely.

Karen Merkley – 1441 Greene Street, Jasper, IN (DVD-37:49)

Merkley and her husband are totally against biomass. She does not believe we should bring something like this into our town when there are already people who are sick and cannot breathe. She believes the plant should be torn down and opened for something with historical purposes.

Amy Breedlove – 421 W. 8th Street, Jasper, IN (DVD-39:52)

Breedlove said it is very obvious by listening to everyone speak that no one has stood up in favor of biomass and that speaks volumes. She is very concerned. Three of her four children have asthma. She said no amount of money is worth their health to her. She said if her energy bill increases, she will pay it, because she does not want to spend any more nights in the emergency room. She said if this is being considered because of money, we all need to consider the kids we tuck into bed at night. She said if her kids are not the priority here, then the Board's children or grandchildren need to be the priority when making this decision. She urged that the Board think about this decision when we have many other alternatives to consider, such as the sun, water, and wind, and none of those would shorten our lives.

Rock Emmert – 6431 E. 700 S., Ferdinand, IN (DVD-41:40)

Emmert said he has lived in Dubois County his whole life and chose to live here for the beautiful environment. He agrees with everyone who has spoken tonight. He believes we should promote the environment, arts, community, history, etc. He said all of the historic sites such as the Riverwalk, the Mill, the Train Depot, are such welcome additions to the community. He said he would be against this no matter where it would be opening, but especially here in this area. He asked that the Board do not rush to a decision. Progressive communities are fighting these plants in their area. He could not imagine lawn signs in Jasper fighting such a plant. He said if we want people to move back to this area, we need to put forth progressive ideas. He does not believe any of the biomass ideas show progressive thought. We do not want to drive people away from the area. Right now Ball State University has the largest geothermal project in the US. As an educator, he feels this type of biomass project would be a huge step backwards when we are trying to promote our heritage and our future. He would love to help promote conservation of energy with the CFL light bulbs, home weatherization, etc., to see how much money we could save and the need for building a biomass plant would no longer be there.

Jaime Fleming – 4305 Baden Strasse, Jasper, IN (DVD-47:01)

Fleming agrees with the previous speakers and likes the idea of educating future generations. She said she has asthma and her mother does as well. Her mother did not develop asthma until moving to Jasper from St. Louis. She is also concerned that her two small children will develop asthma. She does not believe in burning anything at the plant and does not want to undo all of the hard work others have done to keep the pollution out of the air.

Michael Hicks – 580 Riverside Drive, Jasper, IN (DVD-48:15)

Hicks said he realizes this is a big decision. He has a financial background and knows this is a big resource and that this is not an easy decision. He said he is not here to fight, but to work together. He said working for Dow Chemical out of college totally changed his life. He said he saw what was happening to our environment and our health. He is now an organic farmer and

holistic health practitioner. He moved back to Southern Indiana and chose Jasper because of the good people and because Jasper has a chance with good history and tradition. He asked the Board to think outside the box and start educating homes. He wants more positive solutions that really make a difference and not just the same old story. He said it is clear that the community is willing to pay a little higher energy costs. He said LA has changed their thinking and they are in the process of getting rid of coal energy in their city. He said it is a long, hard path, but again wants the Board to think out of the box.

Alec Kalla – 8733 W. Summit Circle Drive, French Lick, IN (DVD-53:08)

Kalla said that smoke stack emissions will damage health. That is why there are emissions standards on them. There is a large cost related to the smoke stacks from the illnesses it causes in children and adults. He does not want the plant to open again. Kalla said when the plant causes an increase in illness in the area, it will cost far more than the \$25,000 the City is receiving to keep the plant on standby. He said all of the proposals involve burning with some kind of fuel, all with unknown emissions that cannot be calculated. The pollution control units on the plant will be useless in removing the pollutants from the air. It would decrease property values and the public's health. There is insufficient fuel in the area. Kalla said no one, including IDEM or the EPA, knows what came out of the stacks in the past or what will come out in the future. There is no way to know unless continuous monitoring is done on each compound that comes out of the stacks. He said there is enough cancer, birth defects and developmental disabilities. Kalla said there is no shortage of electricity in Indiana, so there is no need for this plant. He gave many comments about how smoke stacks kill and how we do not know exactly what kinds of pollutants or how much of those pollutants come out of the stacks. He said he feels very strongly about this issue. Kalla said if the City is inclined to approve the operation of the plant, to please have the honesty to publicly state the names of the children and the families the City is willing to throw under the bus and have suffer and die from the pollution the City is allowing to happen. Tell us the names and let the public know whose lives the City considers expendable.

Mick Harrison – 205 College Avenue, Suite 311, Bloomington, IN (DVD-58:38)

Harrison stated he is a lawyer from Bloomington, Indiana, who has been litigating combustion and air pollution sources since 1990. He has studied all types of incinerators and has shut some down through litigation. He is currently involved in litigation for several biomass incinerators, some in Florida, two in Indiana, and one in Georgia. Harrison said more carbon dioxide is produced from burning biomass than is produced from burning coal. Carbon dioxide emissions stimulate climate change. Dioxin is also produced and is a deadly substance that causes cancer, among many other illnesses, in very small doses. Dioxin accumulates in everyone's bodies from all the permitting of combustion units in the country. Dioxin levels in newborn babies who breastfeed is very high and at unsafe levels, due to the passing of dioxin from the mother's milk. The process to reverse this problem is to shut plants down and stop the permitting for these plants. More dioxin is produced from biomass than coal. Harrison said another concern from burning biomass is particulate matter, especially the smaller particles or PM2.5. Also, research shows that the smaller particles or PM2.5 are more dangerous. The smaller particles or PM2.5 carry more toxic chemicals and cover more surface area and are absorbed more easily into the skin. Harrison said the days of making energy decisions by crunching numbers are gone. We now need to make decisions based on public health. Chairman Schuetter asked if the plants that Harrison was involved in litigation with used a common source of fuel or a single source of fuel.

Harrison said there was not a single source of fuel, but a list of possible fuels. Harrison said there is not enough wood waste to fuel multiple facilities and after people figure out there is no long term sustainability on the fuel supply, the profit is already made and the original company will be gone. He urged the Board to look at the numbers.

Kris Lasher – P O Box 294, Jasper, IN (DVD-01:05:50)

Lasher said she has a small business in town, just south of the square, at 505 ½ Main Street, just above Finishing Touches. She also serves on the Jasper Chamber of Commerce Board. Lasher grew up in Spencer County, but decided Jasper would be a great place to start her business and her parents also retired to Jasper. She is proud of what the community has done with the Riverwalk, the Mill, and the train. She has concerns about bringing a business into the City that would deter some of the tourism that the area has worked hard for. Lasher is considering buying property in the area and is concerned that a biomass plant would lower property values in the area. She feels we need to be progressive and has concerns and hopes that neither biomass nor coal are part of the business future in this area.

Jeremy Damon – 416 ½ Jackson Street, Jasper, IN (DVD-01:09:07)

Damon said he moved to Jasper five years ago and his family chose Jasper because of the quality of life it offered. Damon said a new plant may decrease his utility costs, but it would also bring down the quality of life Jasper offers and he would move away if the plant was put back into service.

Chairman Schuetter thanked everyone for participating and asked if there were any additional comments from the public. Laurie Merkley asked to speak again.

Laurie Merkley – 801 E. 15th Street, Jasper, IN (DVD-01:10:36)

Merkley stated she is originally from Pike County and grew up within two miles of IP&L. She has had asthma since she was six years old and had to use a nebulizer three times a day. She moved to Jasper when she was 19 and has not had to use a nebulizer since then. She said if the plant fires up again she will have to go back to using her nebulizer three times a day again and will be living with an oxygen tank by the time she is 35 years old. That will take a toll on her children. She left Pike County because of her and her family's health issues. She said she does not care if electric rates increase. It is not worth putting a price on her children's heads. She said Jasper's population will decrease if the plant is put back into use.

Cara Beth Jones – 2315 Cider Fork Road, Marengo, IN (DVD-01:14:35)

Jones said the Commissioners of Crawford County enacted a wonderful Ordinance to protect the residents of Crawford County. They listened and decided to protect the residents, the land, the water and the air in Crawford County, as well as surrounding areas. She hopes Jasper considers the same. She said what we do here in Jasper will affect everyone around us.

Chairman Schuetter asked again if there were any additional comments to be made. There were none, so Schuetter then asked for a motion to close the public hearing. Doug Schulte made a motion to close the public hearing. Greg Krodel seconded the motion. Motion approved, 5-0.

Schuetter then thanked everyone for attending the public hearing and for their comments. He reiterated that whatever the decision is, it is still the first step in this process. They will continue to research the issues and more public meetings will be held in the future. He also reminded the public that all Utility Service Board meetings and Committee meetings are always posted and open to the public. He also asked the public to not only think outside the box but to also think sideways and not discount anything prematurely. All along the process there will be opportunities for input from the public.

Schuetter said it was also implied this evening that this Board and the City of Jasper is more concerned with finances than the public's health and that is not the case. The Board is always considering the health and environmental aspects of a decision. He said there was also a lot of incorrect information given tonight about what has been going on. For example, not all four of the proposals received involved coal. Whatever decision is made, the public will be invited to give their input and comments. Schuetter said the input and comments received tonight were very helpful and he learned some things he did not know. To imply that the Board does not care about the environment or the health of Jasper's citizens would be misguided.

Schuetter informed the public that the next step is for the Utility Service Board to give the Mayor a recommendation on whether or not the City should proceed with the process of disposing the power plant. That does not mean it will definitely happen. The Common Council and the Mayor have the final say in this situation.

Schuetter then asked the Board if they felt they had enough information and were ready to make a recommendation to the Mayor to proceed with the process for the disposal of the power plant and asked for a motion to that effect. Schuetter said he would also accept a motion to table the recommendation for further consideration, if the Board felt it was necessary.

Alex Emmons stated he did not feel ready to make a recommendation to the Mayor and made a motion to table the recommendation for further consideration. Doug Schulte seconded the motion. Schuetter also agreed with the tabling of the recommendation and said he wants to do more research. Greg Krodel agreed with Schuetter and Emmons. Motion approved, 5-0.

GRANT APPLICATION FOR WATER PUMPS (DVD-01:23:14)

Bud Hauersperger said there are three large water pumps at the Water Treatment Plant that need to be changed out and replaced. There is a government grant program that if you install a higher efficiency motor, there is grant money available. Hauersperger has been in contact with Indiana 15 Regional Planning Commission and they have offered to assist the City with this grant application for a fee of \$1,000.

Hauersperger asked for approval to have the Mayor sign the contracts for services with Indiana 15 Regional Planning Commission. The cost to replace the three pumps would be \$100,000 and the grant is for a 50/50 split, with the City's portion of the cost totaling approximately \$50,000.

Ken Sendelweck made a motion to give approval to the Mayor to sign the contracts with Indiana 15 Regional Planning Commission to assist the City in completing the grant application for \$1,000. Alex Emmons seconded the motion. Motion approved, 5-0.

There being no further business to come before the Board, the meeting was adjourned at 8:25 PM, upon motion by Alex Emmons and second by Doug Schulte. Motion approved, 5-0.

The minutes were hereby approved _____ with _____ without corrections this _____ day of _____, 2010.

Attest: _____
Secretary Chairman